

2011 Military Health System Conference

DoD Pharmacy Program Overview

The Quadruple Aim: Working Together, Achieving Success

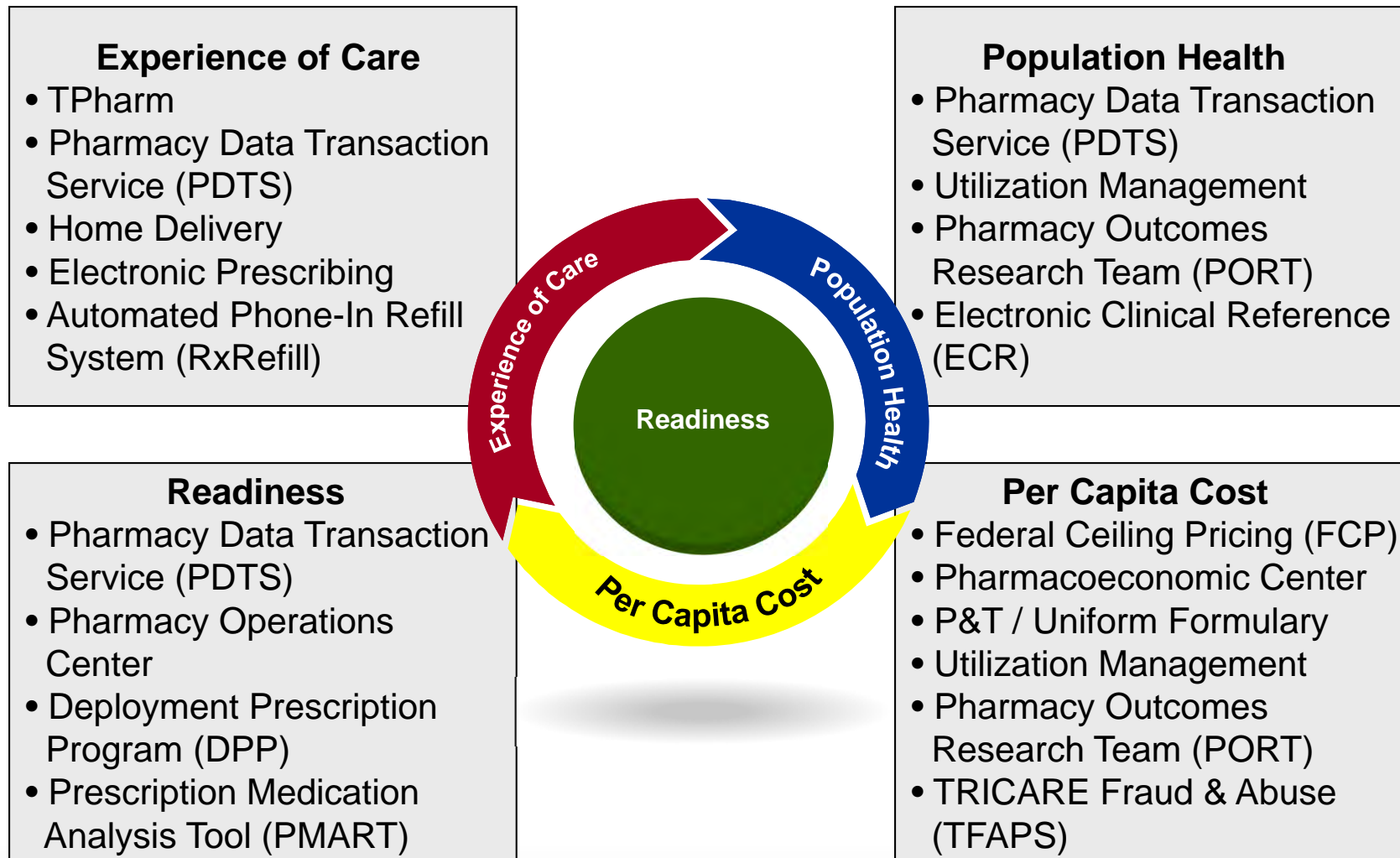
RADM Thomas J. McGinnis, R.Ph, USPHS

January 24, 2011

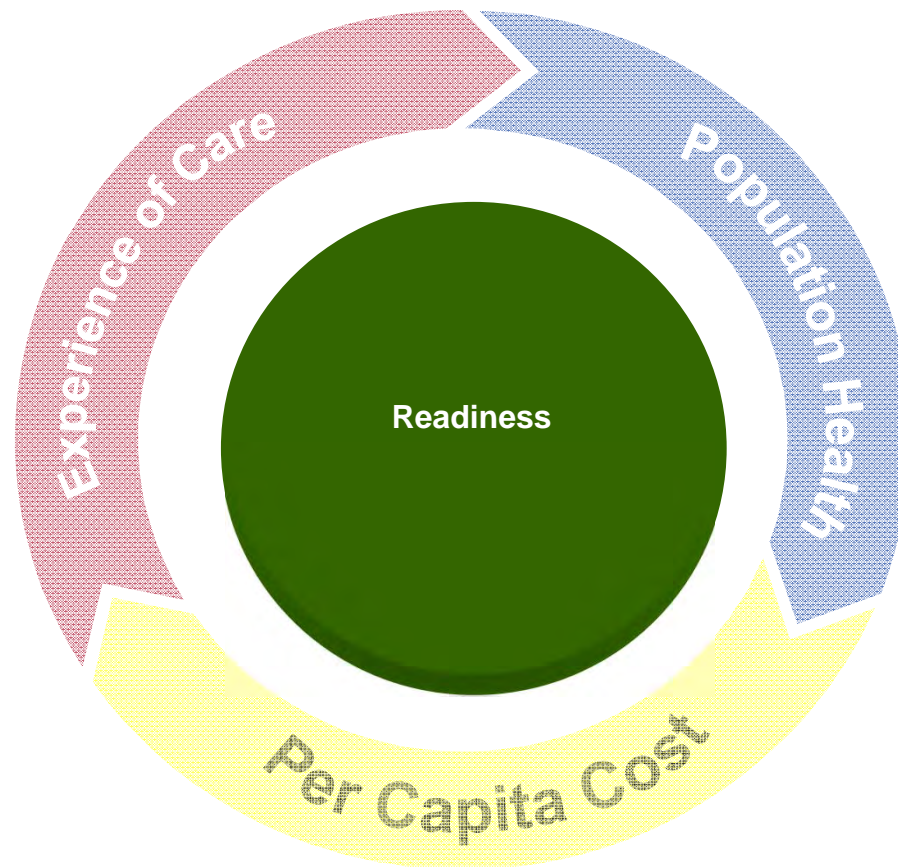


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The Quadruple Aim and Pharmacy



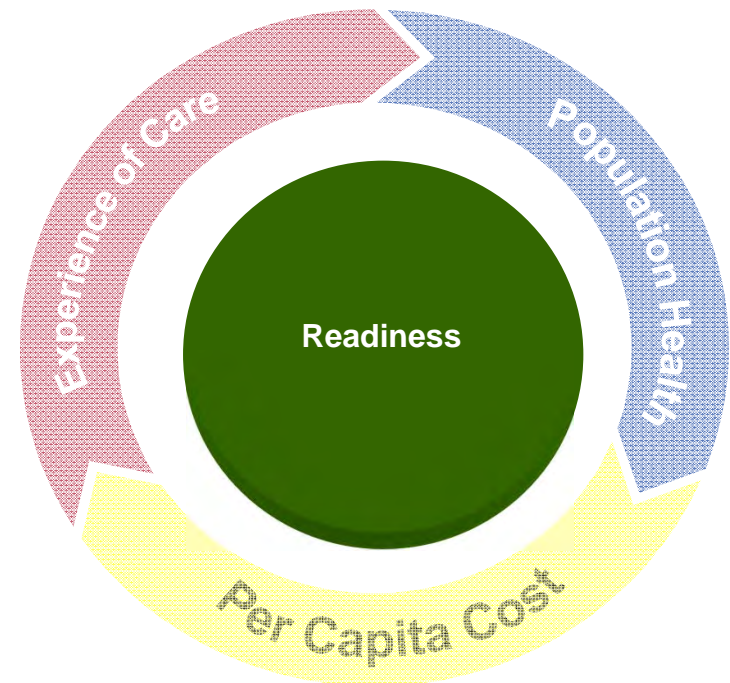
READINESS



Readiness



- Pharmacy Data Transaction Service (PDTS)
- Pharmacy Operations Center
- Deployment Prescription Program
- Prescription Medication Analysis Tool (PMART)



Readiness



- Pharmacy Data Transaction Service (PDTS)
 - Serves as a foundation for readiness support
- Deployment Prescription Program (DPP)
 - PMART for pre-deployment medication screening
 - Mail Order Pharmacy (MOP)
 - Medication refills in theater
 - Work closely with CENTCOM Surgeon's office and theater pharmacists

Readiness



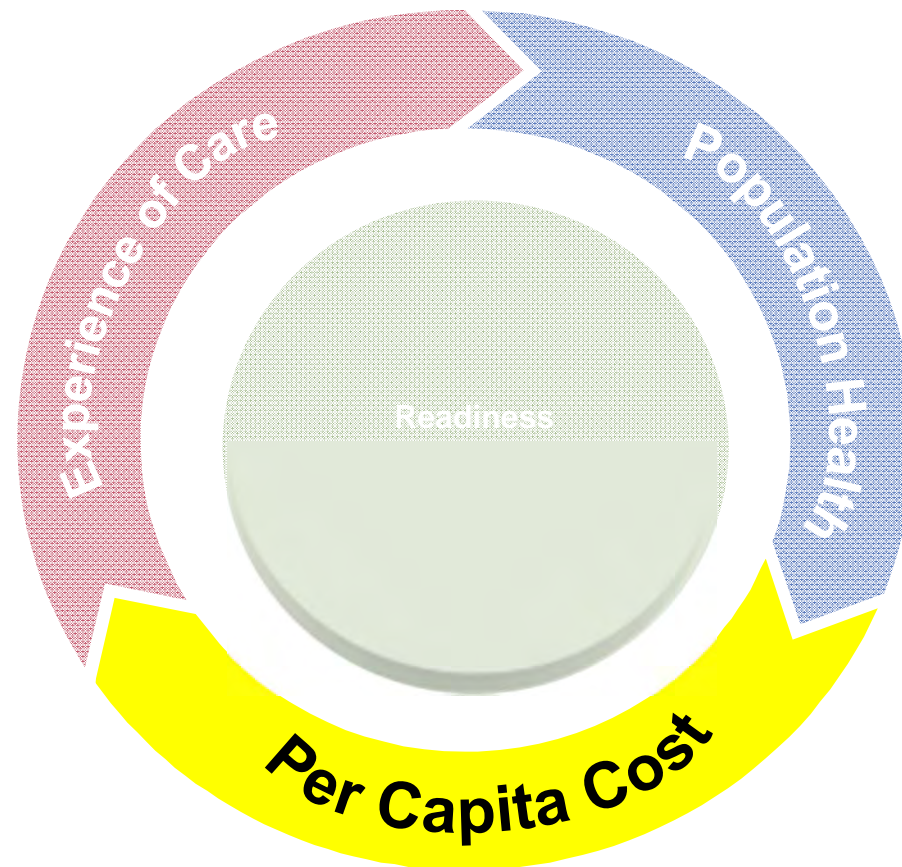
- Prescription Medication Analysis Reporting Tool (PMART)
 - Medication profile snapshot
 - Pre-deployment
 - WTU high-risk
- Menu-driven
- Developed by the Pharmacy Operation Center
 - www.pec.ha.osd.mil/pmart

Readiness



- PMART/WTU
 - 643 completed reports
 - Army- 431, Navy-148, Air Force- 37, Marines- 26, Coast Guard- 1
 - 7.5 million reviewable Rxs
 - 1.5 million service members
 - Identified 356,375 (23%) service members taking high-risk medications
- Ability to monitor & control access to certain drugs/providers

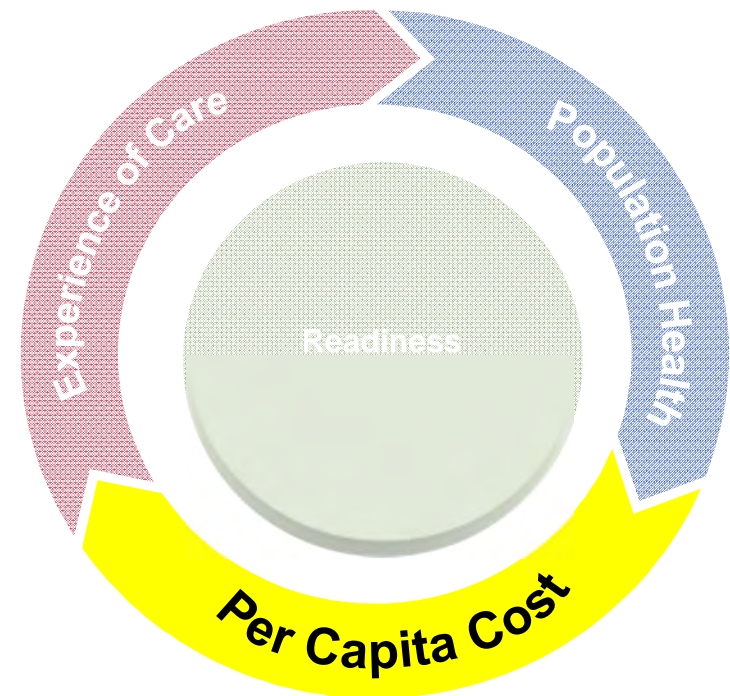
PER CAPITA COSTS



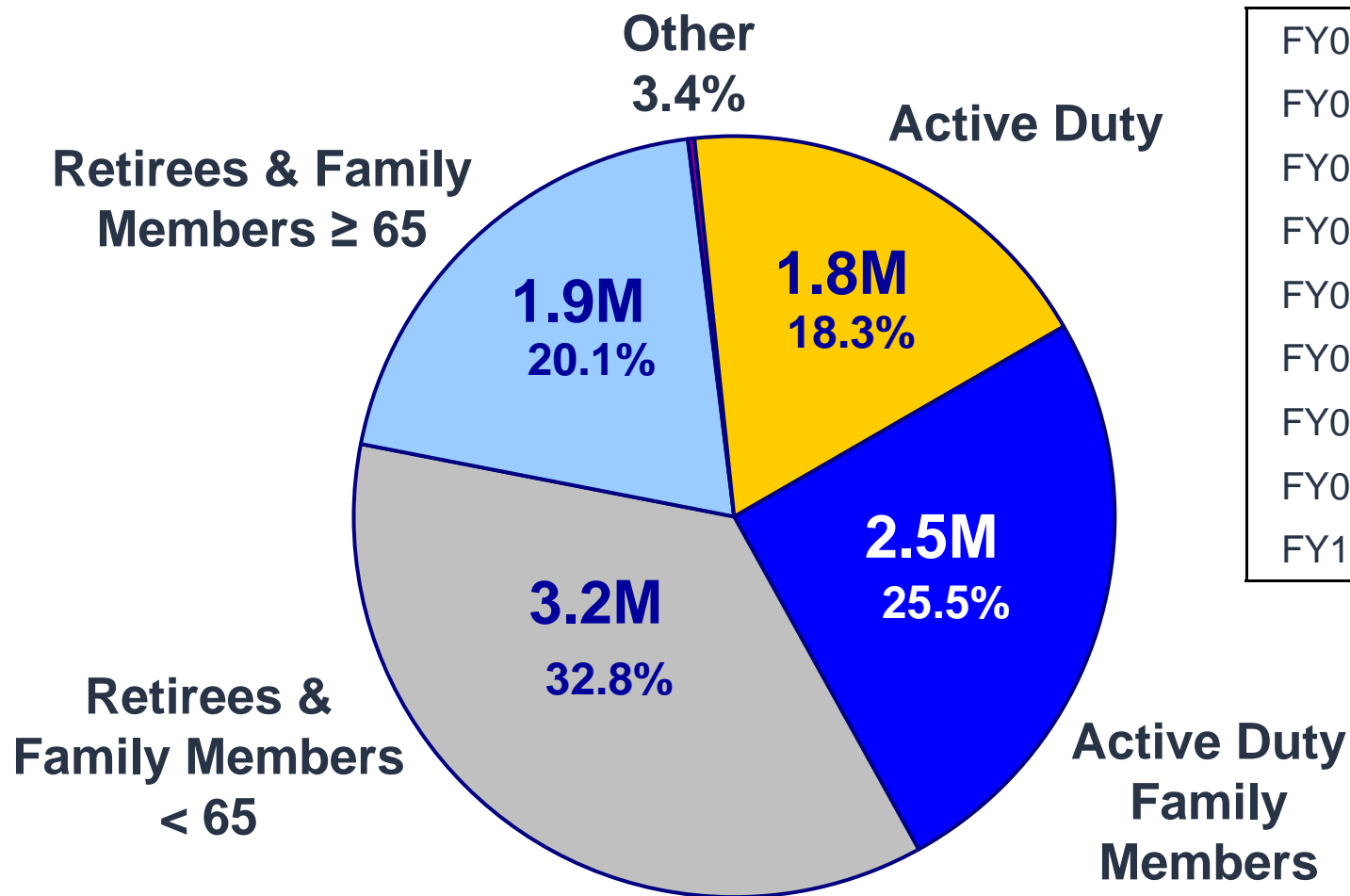
Per Capita Cost



- Federal Ceiling Pricing (FCP)
- Pharmacoeconomic Center
- P&T/Uniform Formulary
- Utilization Management
- Pharmacy Outcomes Research Team (PORT)
- TRICARE Fraud & Abuse Pharmacy Support Contract (TFAPS)



TRICARE Eligible Beneficiaries



FY02	8.6 Million
FY03	8.9 Million
FY04	9.1 Million
FY05	9.2 Million
FY06	9.2 Million
FY07	9.2 Million
FY08	9.3 Million
FY09	9.5 Million
FY10	9.6 Million

Source: M2

Monthly Average, FY10

Pharmacy Points of Service



Cost and Prescriptions at POS, FY10

POS	Rxs (Millions)	30-Day Rxs*	30-Day Rxs (%)*	% Dollars	Total \$ (Billions)
MTFs	48.6	82,120,773	43	20	1.46
Retail**	74.5	78,069,109	40	63	4.60
Home*** Delivery	11.3	32,756,085	17	17	1.24

*Normalized based on 30-day supply of medications

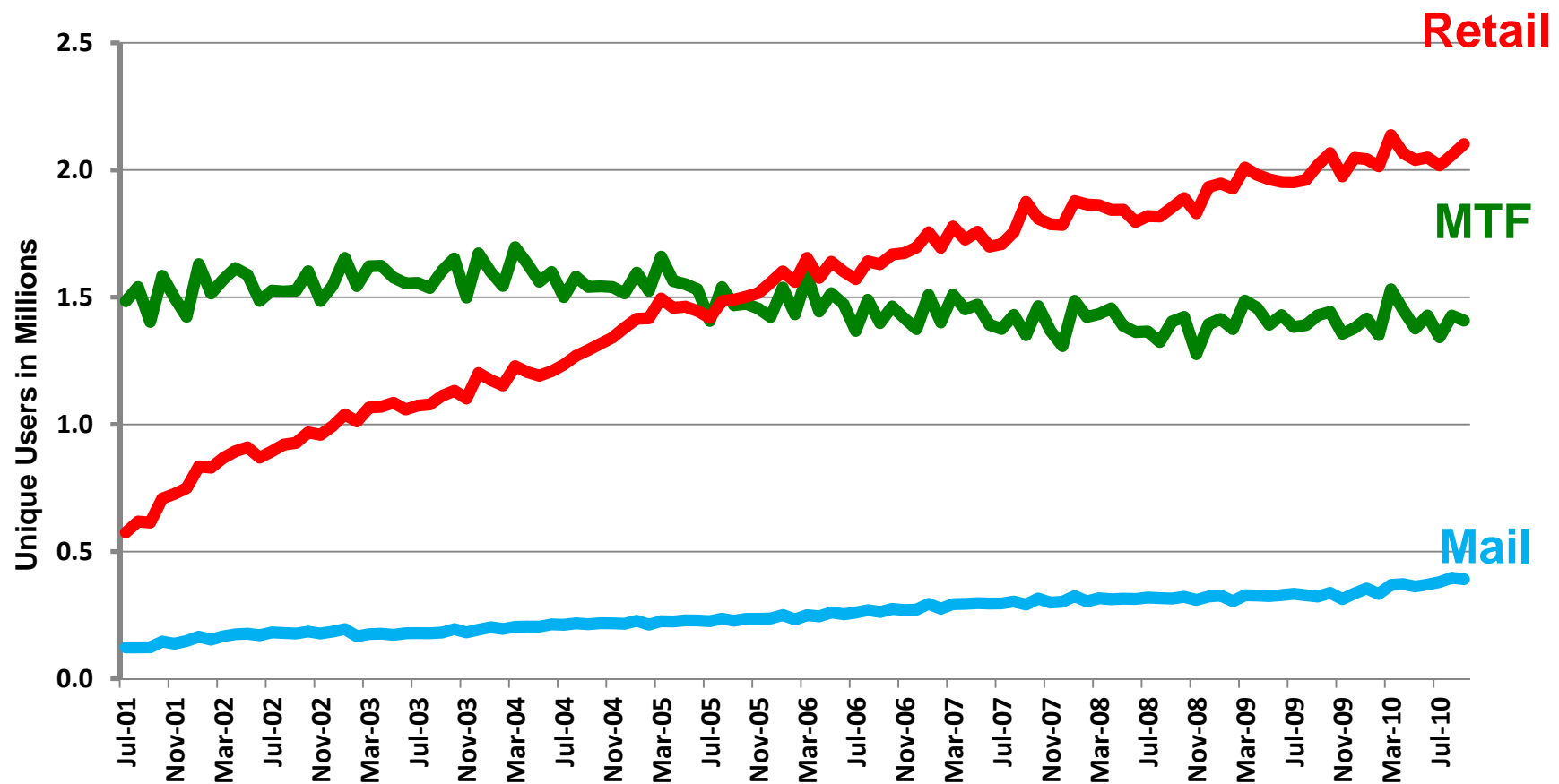
**net of manufacturer refund/rebates

***includes administrative/dispensing fees

Pharmacy Benefit Users

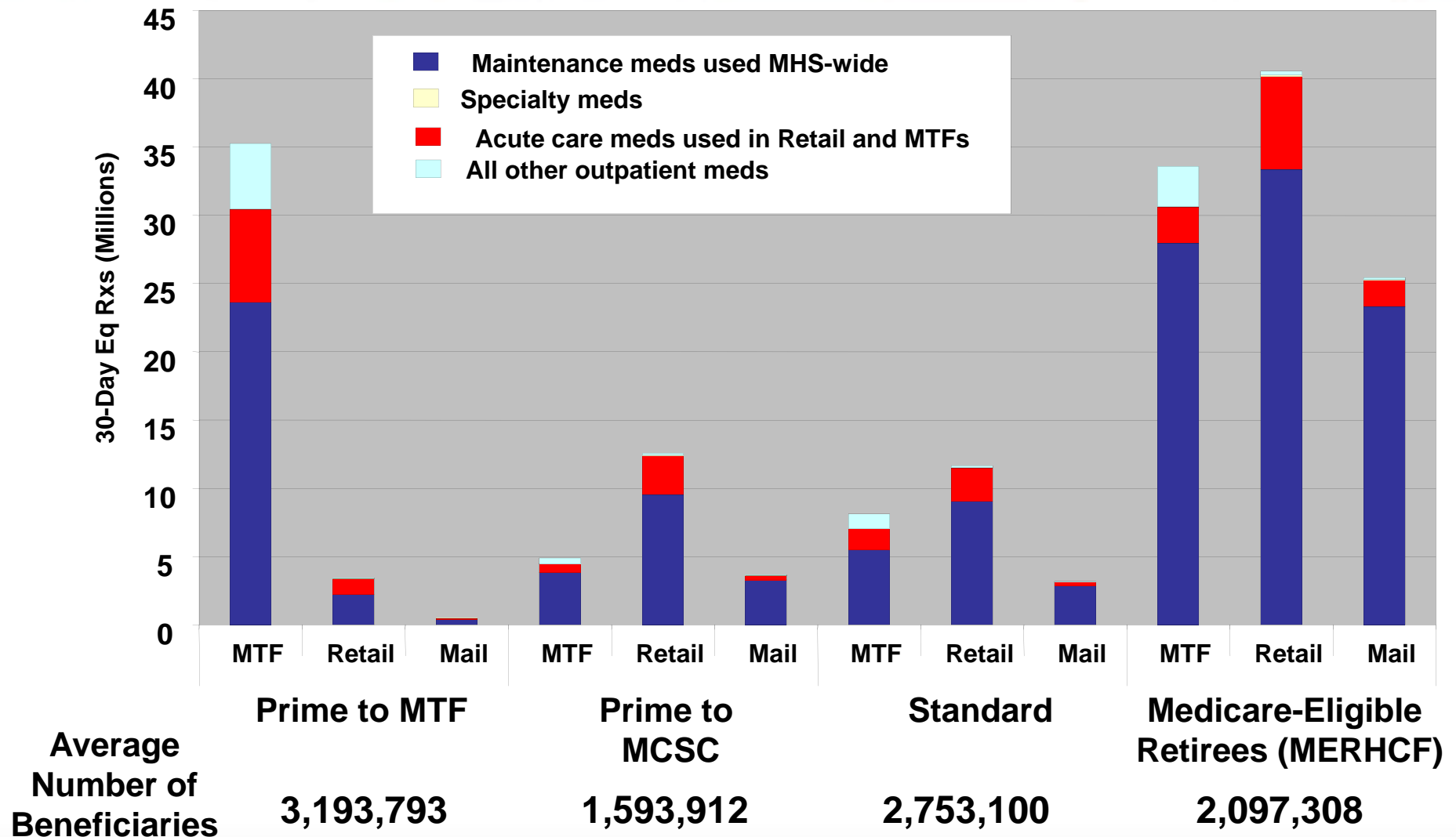


Users by POS, July 2001 – September 2010

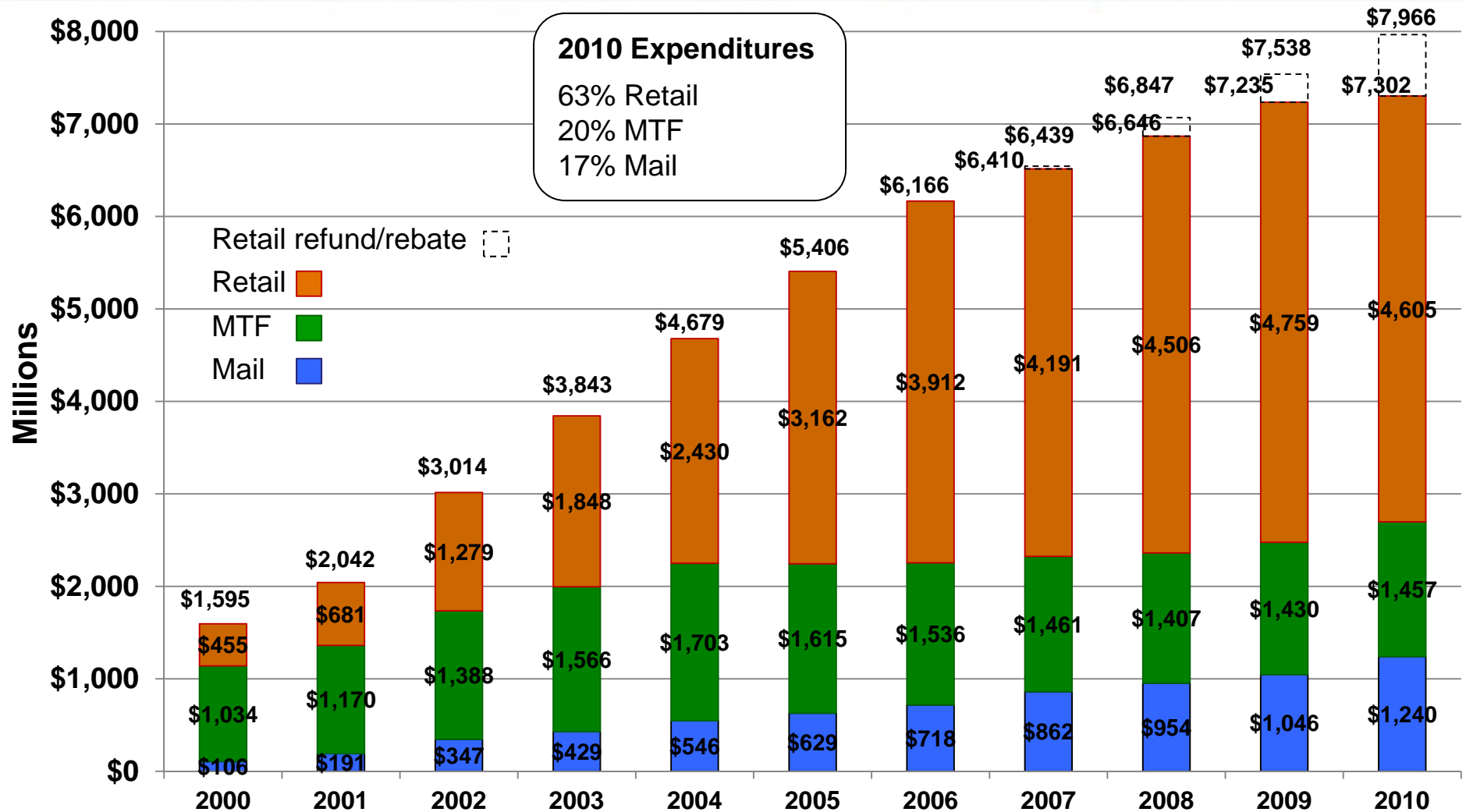


Medication Type by Enrollee Category

By Point of Service, FY10, 30-Day Equivalent Prescriptions



Outpatient Drug Expenditures



Notes: Totals represent total prescription expenditures minus retail refunds/rebates collected FY07 – FY10; they do not include MTF dispensing costs or retail and mail order contract costs; data sources: PDTs Data Warehouse; TMA POD (refunds/rebates)

Cost Comparison Across POS



Mean Cost to DoD, 90-day Supply, Maintenance Meds

- Overall, mean cost per 90-day supply ~25% lower at MTF/Mail.
- Similar costs seen at MTFs and Mail Order.
- Brand-only products drive cost savings.

	Retail	Mail / MTFs	% Difference
All medications	\$135	\$100-\$103	-25%
Brand-only	\$269	\$188-\$190	-30%
Generically-available	\$71	\$59-\$62	-15%

- Analysis adjusts for differences in drug mix across points of service; applies POS-specific weighted average unit costs to a standardized market basket (retail utilization 4QFY10); includes retail refunds, copays, taxes, dispensing fees/admin fees/overhead costs, and contract costs (incurred during 4QFY10), applicable to each POS (MTFs, mail order, retail)
- Unit costs for mail and MTFs obtained from prime vendor purchase data; retail costs obtained from PDTS Data Warehouse prescription data; included all non-specialty maintenance medications used at all 3 POS 4QFY10
- Costs calculated on a product-by-product basis (at the generic class [GCN] level) to account for differences in use of specific NDCs across POS (e.g., 1000-count bottles vs. unit-of-use bottles of 30); based on 1644 GCNs (651 brand-only, 987 generically-available)

Per Capita Outpatient Spending



	FY05	FY06	FY07**	FY08**	FY09**	FY10**
MTF*	\$1,615 (↓5.2%)	\$1,536 (↓4.9%)	\$1,470 (↓4.3%)	\$1,388 (↓5.6%)	\$1,430 (↑3.0%)	\$1,457 (↑3.3%)
Retail**	\$3,162 (↑30.1%)	\$3,912 (↑23.8%)	\$4,148 (↑6.0%)	\$4,336 (↑4.5%)	\$4,759 (↑4.9%)	\$4,605 (↓3.2%)
Mail***	\$629 (↑15.2%)	\$718 (↑14.2)	\$857 (↑19.4%)	\$954 (↑11.3%)	\$1,046 (↑9.6%)	\$1,240 (↑18.5%)
Total	\$5,406 (↑15.5%)	\$6,166 (↑14.1%)	\$6,475 (↑5.0%)	\$6,678 (↑3.1%)	\$7,235 (↑5.2%)	\$7,301 (↑0.9%)
Cost per Beneficiary	\$587 (↑14.8%)	\$672 (↑14.5%)	\$706 (↑5.1%)	\$719 (↑1.8%)	\$763 (↑3.1%)	\$758 (↓0.7%)

Cost is shown in Millions

* Does not include overhead costs of filling prescription

**Includes dispensing fee, taxes, and other payer amounts; net of manufacturer refund/rebates FY07 – FY10

***Includes dispensing fees

Sources: PDTS; MTF Prime Vendor data

Pharmaceutical Costs



Per Member Per Year, by Age and POS, FY 10

Cost per < 65 Eligible Beneficiary

\$ 3.77 Billion*
7,695,970 Eligible

= \$ 490 per
Eligible
Beneficiary

→ \$ 124 MTF (25%)

→ \$ 50 Mail (10%)

→ \$ 316 Retail (65%)

Cost per ≥ 65 Eligible Beneficiary

\$ 3.53 Billion*
1,941,048 Eligible

= \$ 1,820 per
Eligible
Beneficiary

→ \$ 260 MTF (14%)

→ \$ 442 Mail (24%)

→ \$ 1,118 Retail (62%)

Data source: M2 & PDTS Data, FY10

*Notes: MTF costs do not include dispensing costs; retail costs are net of refund/rebates from manufacturers, copays, dispensing fee, tax and other payer costs; but do not include contract costs; mail order costs do not include contract costs.

Refunds/rebates applied to DHP and MERHCF programs for FY10 attributed to <65 and ≥ 65 groups, respectively.

Pharmacy Fraud and Abuse



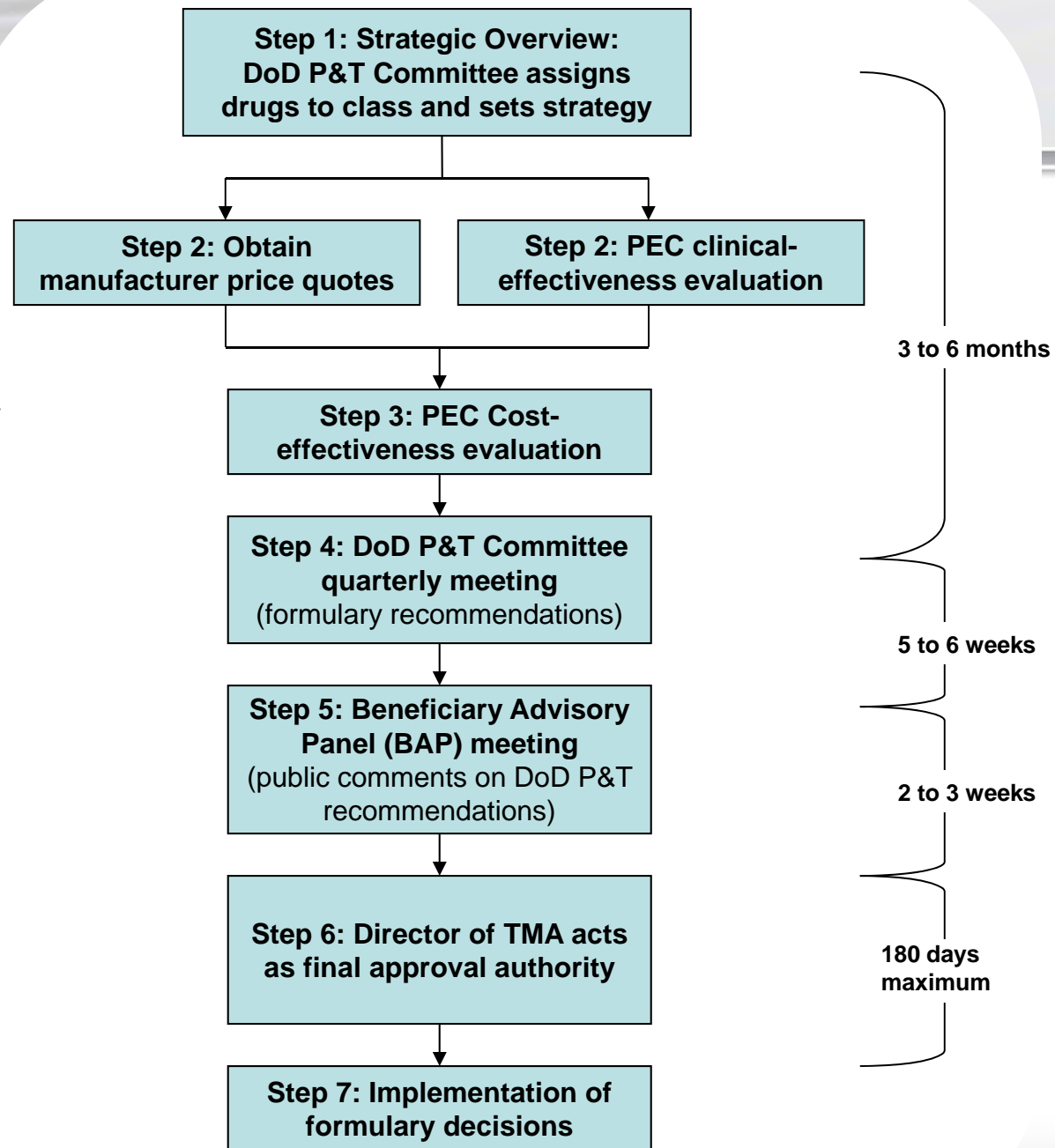
- Awarded to Cahaba Safeguard Administrators, LLC
 - Services begin July 2011
- TRICARE Pharmacy Fraud and Abuse Pharmacy Support Contract (TFAPS)
 - Analyze TRICARE pharmacy data
 - Protect TRICARE funds
 - Supports existing TMA anti-fraud efforts
 - Oversight of responsibilities associated with the Pharmacy contract

Uniform Formulary



- DoD Pharmacy Benefits Program
 - Title 10/Subtitle A/Chapter 55/Section 1074g
 - Administration of Uniform formulary
 - Selection of agents for the Uniform Formulary
 - Defines 3 points of service
 - Co-pay limitations
 - P&T Committee and Beneficiary Advisory Panel
- Limited ability to influence the benefit compared to civilian PBMs

DoD Uniform Formulary Process



Formulary Management Tool



- Medical Necessity (MN) criteria for Tier-3 medications
- Prior Authorization (PAs) criteria
- Quantity Limits
- Step-Therapy

Formulary Management Tool



- Step Therapy
 - Guides therapy to most clinical & cost-effective agents
 - i.e. Proton Pump Inhibitors, Sleep agents, Renin Angiotensin agents, Lipid-lowering agents (statins, add-on therapies, combos)
 - Automatic Profile Review
 - 180 day look-back
 - Seamless to beneficiary
 - Manual PA criteria established by P&T

Lipitor Step-Therapy example



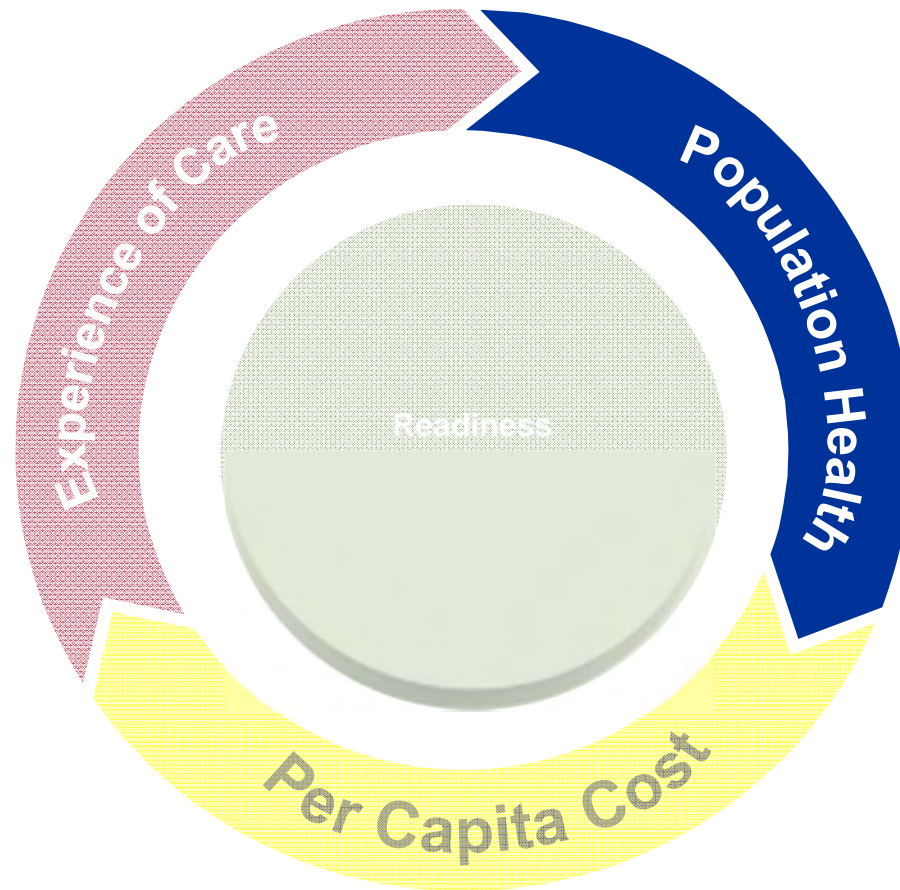
- Lipitor® patent expires November 2011
- DoD P&T reviewed LIP-1 class May 2010
- LIP-1s ranked number one in MHS drug expenditures
- Cost- and clinical-effectiveness decisions based upon LDL % reduction
 - All strengths Lipitor®, simvastatin, & pravastatin on BCF and step-preferred (first-step) agents
 - Step-therapy automated at retail/mail order
 - All agents formulary but require a trial of step-preferred agent for new users

Lipitor Step-Therapy example



- Clinical criteria for manual PA process:
 - Intolerable adverse events
 - Concurrent drug metabolized by CYP3A4
 - Requires > 55% LDL lowering
 - Requires Primary prevention with Crestor® and unable to take Lipitor®
- MHS expects to save \$82.8M first year from price bids (VARRS/MARRS)
- Conservative 3-year cost avoidance of \$141.6M

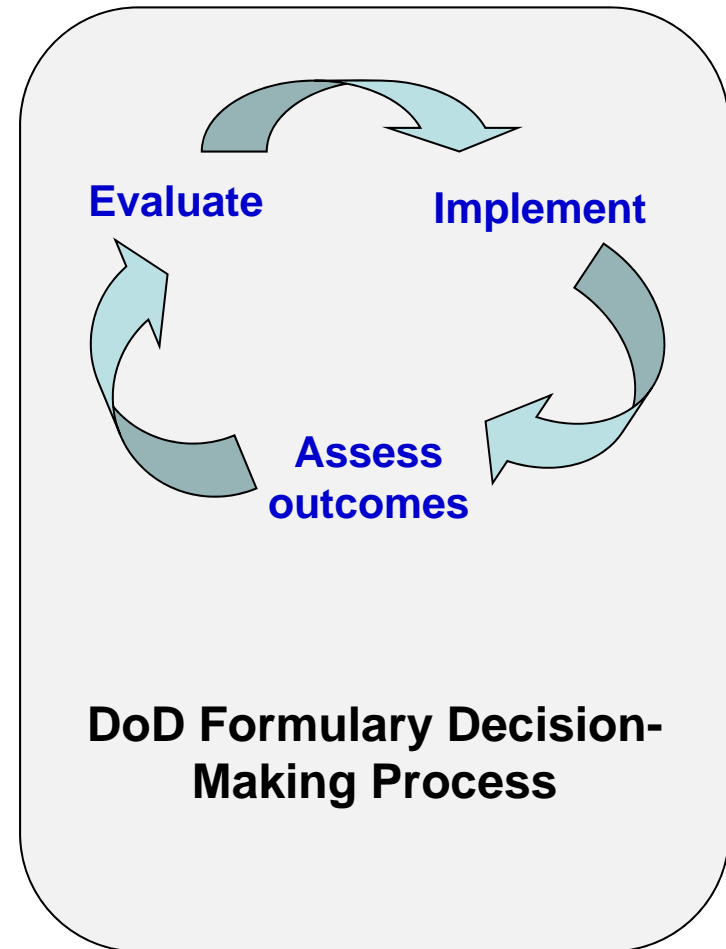
POPULATION HEALTH



Pharmacy Outcomes Research



- Pharmacy Outcomes Research Team (PORT)
 - Mission: Improve patient outcomes and enhance the quality of the MHS pharmacy benefit through research and education
 - pec.ha.osd.mil/port.php



Medication Non-Adherence



- Cost of non-adherence
 - ~\$100-290 billion¹
 - Represents ~13% of total health care expenditures¹
- Adherence to long-term therapy for chronic illnesses in developed countries averages 50%²

¹New England Healthcare Institute. Thinking outside the pillbox: a system-wide approach to improving patient medication adherence for chronic disease. Aug 2009. Available at: <http://www.nehi.net/publications/>. Accessed: Sep 15, 2010.

²World Health Organization. Adherence to long-term therapies: evidence for action. Jan 2003. Available at: http://www.who.int/chp/knowledge/publications/adherence_report/en/. Accessed Sep 15, 2010.

Medication Adherence Project



- Objective
 - Provide information
 - Identify patients with poor medication adherence
 - Intervene accordingly
- Add adherence measure to the current Population Health Portal
- Pharmacy Operations Directorate/Pharmacy Outcomes Research Team and Air Force Healthcare Informatics Division

Medication Adherence Project



- Future
 - Baseline measurements and ongoing metrics
 - Integration with medication therapy management/medical home initiatives
 - Apply to other platforms (i.e., AHLTA) and databases (i.e., M2/MDR) for practice and research purposes
 - Potential integration with other adherence tools (e.g., patient questionnaires to assess reasons for nonadherence)

TPharm Vaccine Program



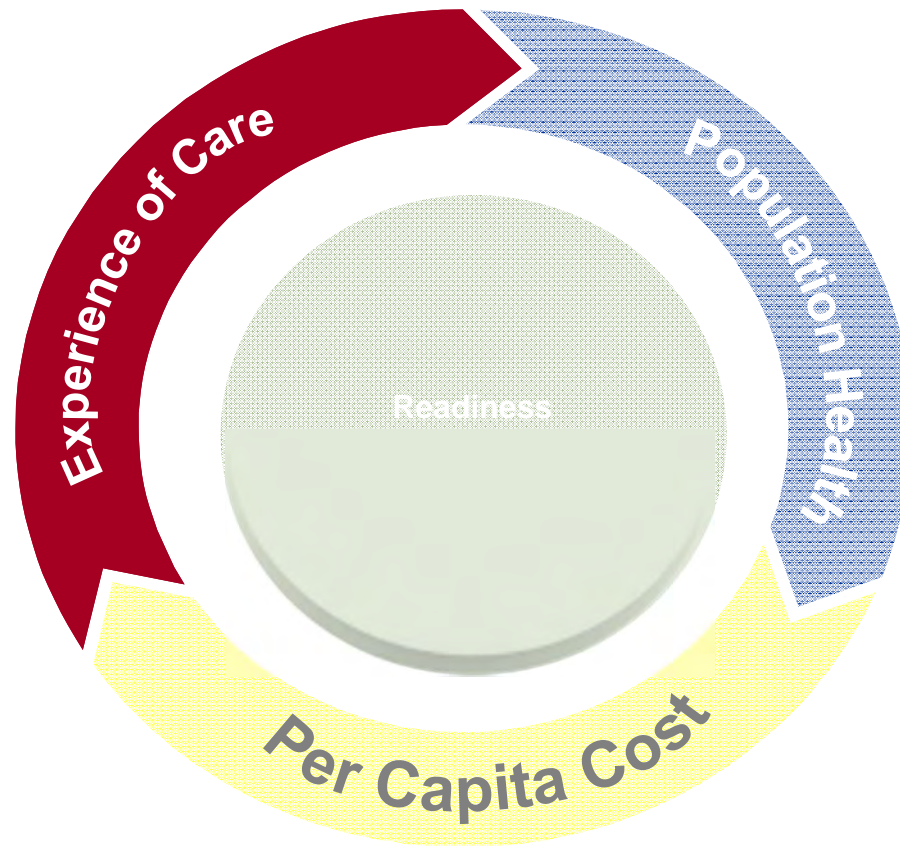
- Access to H1N1, seasonal flu, and pneumonia vaccinations
 - 50,000 network pharmacies
 - \$0 Co-pay
 - Proposed coverage of other vaccines
 - www.tricare.mil/flu

TPharm Retail Vaccine Program- Year 1



Monthly Totals	Total Vaccines	H1N1	Pneumonia	Seasonal Flu	% H1N1	% Pneumonia
December 2009	557	451	14	92	81.0%	2.51%
January	10,733	10,034	163	536	93.5%	1.52%
February	3,888	3,670	91	127	94.4%	2.34%
March	2,102	1,958	88	56	93.1%	4.19%
April	608	540	48	20	88.8%	7.89%
May	209	182	21	6	87.1%	10.05%
June	107	70	34	3	65.4%	31.78%
July	63	20	43	0	31.7%	68.25%
August	7,232	4	211	7,017	0.1%	2.92%
September	75,889	4	1,820	74,065	0.0%	2.40%
October	109,106	0	2,450	106,656	0.0%	2.25%
November	56,941	1	1,282	55,658	0.0%	2.25%
December	16,841	0	470	16,371	0.0%	2.79%
TOTAL	284,276	16,934	6,735	260,607	6.0%	2.37%

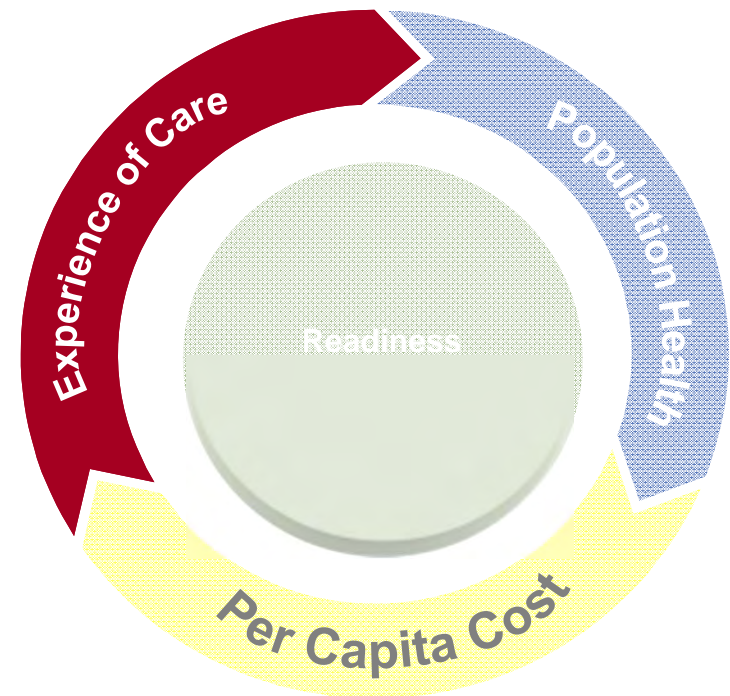
EXPERIENCE OF CARE



Experience of Care



- TPharm
- Pharmacy Data Transaction Service (PDTS)
- Home Delivery
- Electronic Prescribing
- Automated Phone-In Refill System (RxRefill)



TRICARE Home Delivery



- Part of SecDef initiatives to reduce costs
 - Maximize use of Home Delivery
 - Massive multi-stakeholder campaign to educate beneficiaries
 - TMA, ESI, TROs, MCSCs, MTFs
 - Goal
 - Increase Home Delivery to 500K Rxs per week

Home Delivery Initiatives 2009 - 2010

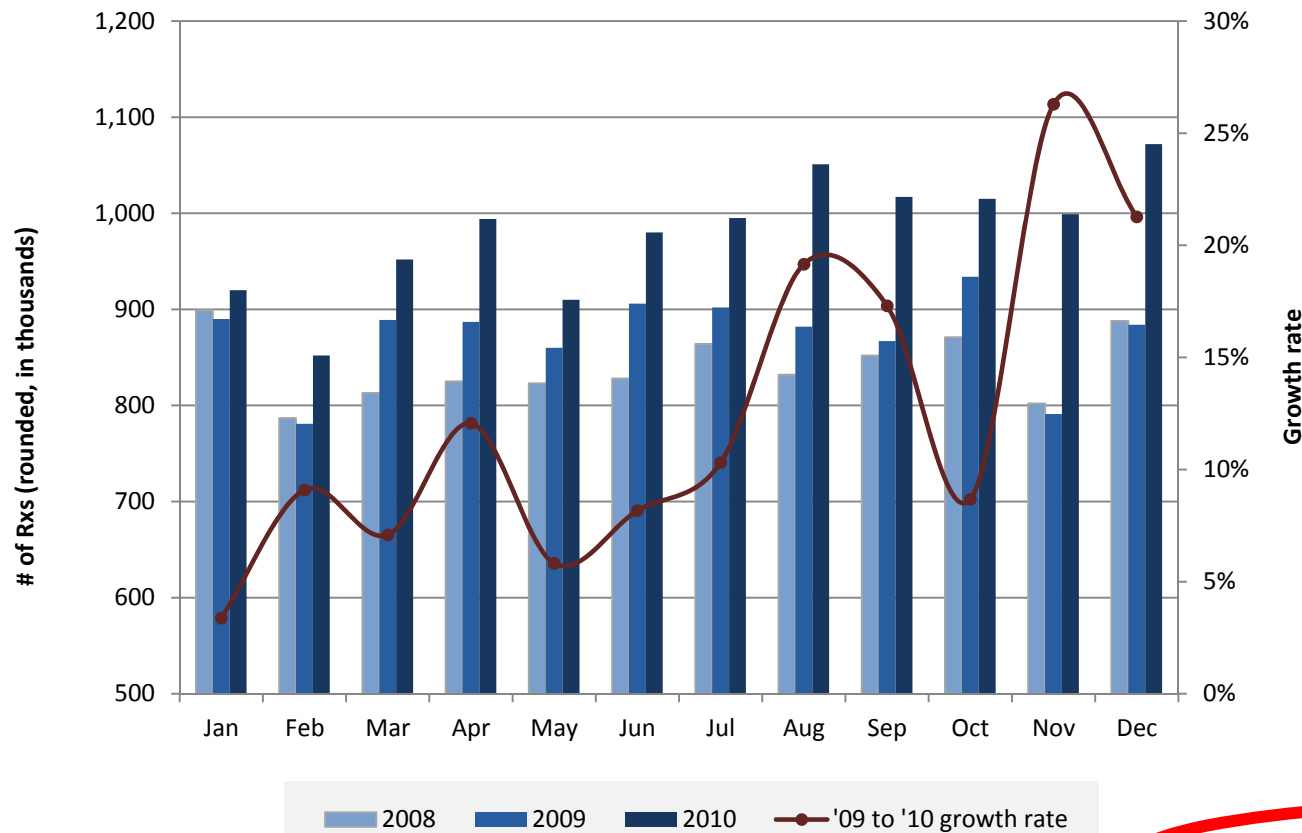


Initiative	Date
Auto Refills	September 2009
Home Delivery e-Prescribing	May 2010-December 2010
Explanation of Benefits Enhanced Messaging	June 2010
Refill Reminders	July 2010
Academic Detailing Pilot	September 2010
Refill Reminder 60+	September 2010
Newsletter & Email Bulletin	October 2010
Web Article, Podcast (tricare.mil)	November 2010
Home Delivery Video	December 2010

Home Delivery



Communications Plan, Measure of Success



2009 Growth

Home Delivery	3.9%
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Retail	7.5%
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2010 Growth

Home Delivery	12.3%
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Retail	4.2%
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TRICARE HD Savings = \$30.7M

Home Delivery Initiatives 2011



Initiative	Date
HD Education Pilot (2+ Meds at Retail)	February 2011
E-Prescribing Provider and Beneficiary Education	April 2011
Explanation of Benefits Home Delivery Stuffer	March 2011
Communication Plan	Ongoing
Federal Pricing at Retail	2Q 2011
Auto Renewals	3Q 2011

E-Prescribing

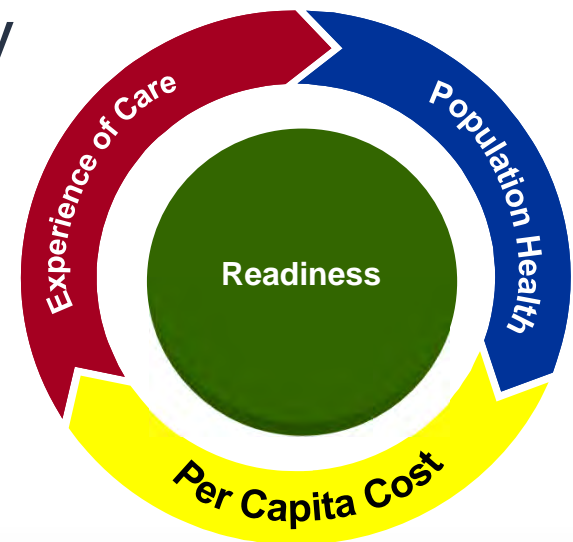


- DoD Definition
 - Allow electronic prescribing from all points of order entry to all points of dispensing
- Goals
 - Electronically share information
 - Military & Civilian Providers
 - Pharmacies
 - Beneficiary

The Way Ahead



- Goals
 - Continued emphasis on deployed ADSM
 - Increase use of lowest-cost points of service
 - Encourage cost-effective use of drugs
 - Maximize use of technology
 - Maximize value of therapy through increased adherence





■ QUESTIONS